



Tune Protect driving future performance with a focus on Travel

- **One-off impairments and fire claims affected Tune Protect 2Q24 financial performance**
- ***Excluding impairments and fire claims, marginal PBT of RM1.5 million***

KUALA LUMPUR, 28 August 2024 – Tune Protect Group Berhad’s (“Tune Protect” or “Group”; TUNEPRO, 5230) financial results for the second quarter of the financial year 2024 (“2Q24”) were affected by one-off impairments from the Group’s subsidiary Tune Protect Ventures (“TPV”) and its associate company, Tune Protect Thailand (“TPT”), and abnormally high fire losses. Insurance revenue also declined 6.7% year-on-year (“YoY”) which led to a Loss Before Tax (“LBT”) of RM10.3 million.

How Kim Lian (“How”) Tune Protect Group’s Chief Executive Officer elaborated further on the key factors affecting the Group’s 2Q24 financial performance.

Normalised numbers, excluding one-off impairments and claims

“The Group’s profitability was impacted by the one-off impairments from TPV of RM3.0 million, as well TPT of RM4.9 million. Our net claims incurred was also higher as we experienced two abnormally large fire losses in 2Q24, in contrary to 2Q23 where we had benefitted from the better than anticipated claims experience from the Tenang Personal Accident (“Tenang PA”) scheme, which had since been discontinued,” said How.

Consequently, the Group’s combined ratio increased 9.9% YoY due to the higher net incurred claims and attributable expenses. Increased acquisition cost ratio also contributed to the increase in the Group’s combined ratio, partially offset by a lower reinsurance ratio.

“The lower reinsurance ratio was due to the Group’s gradual exit from the Large Industrial Risk business leading to savings in reinsurance premiums. If we were to remove the anomalies mentioned above from the equation, overall, the Group would have recorded a slight Profit Before Tax (“PBT”) of RM1.5 million,” added How.

Group performance – 2Q24 overview

Tune Protect Group (RM’mil)	2Q24	2Q23	YoY	1H24	1H23	YoY
Insurance revenue	95.4	102.3	-6.7%	190.0	224.3	-15.2%
Net incurred claims and attributable expenses	(50.9)	(39.8)	28.1%	(108.0)	(87.8)	23.0%
Amortisation of insurance acquisition cash flow	(34.9)	(36.6)	-4.7%	(66.9)	(68.9)	-2.9%
Allocation of reinsurance premiums	(14.5)	(21.2)	-31.4%	(29.3)	(57.0)	-48.6%
Net insurance service result	(4.9)	4.8	>-100%	(14.2)	10.4	>-100%
Combined ratio	105.2%	95.3%	9.9%	107.5%	95.4%	12.1%
Total investment income	7.0	8.7	-19.7%	16.4	18.0	-8.9%



Total other income and expenses	(7.3)	(2.5)	>100%	(11.7)	(12.6)	-7.0%
Share of results ¹	(5.0)	2.0	>-100%	(4.8)	1.0	>-100%
Profit/(loss) before tax	(10.3)	13.0	>-100%	(14.3)	16.8	>-100%
Profit/(loss) after tax	(10.1)	11.2	>-100%	(14.0)	14.4	> -100%

Notes:

1. Share of results of an associate (TPT) and a joint venture company (TP EMEIA)
2. Amounts presented may not foot due to rounding.

Stable investment performance and strategy

The Group maintains a conservative investment strategy while looking for opportunities to enhance its overall investment returns. Moving forward, it plans to progressively increase its investment into Low Risk Unit Trust Funds, with underlying investment predominantly in Malaysian Government Securities, Government Investment Issues, and Government Guaranteed Corporate Bonds.

“The Group’s investment performance in 1H24 has been stable and we expect more of the same in 2H24. We will be rebalancing some of our money market or fixed deposits into Malaysian government guaranteed bond funds where we are aiming for a reallocation mix of 2% in deposits and 98% in low-risk unit trust funds by the end of 2024,” said How.

Capitalising on market gaps and opportunities

The Group is reprioritising its efforts in the Travel segment with various initiatives in key growth areas such as championing the regional travel ecosystem. For example, it is focused on increasing take-up rate (“TUR”) through existing distribution channels, such as AirAsia.

“Through in-depth analysis on our current Travel business, we acknowledge that more can still be done to address the gaps in the take-up rate for the Group’s airline business such as AirAsia. Now that we’ve seen where the gaps are, we will be actively rolling out various initiatives to increase the take up rate and grow our Travel business further,” said How.

To capitalise on various market gaps and opportunities identified by the Group, there are exciting plans to optimise the airline market by seizing new opportunities based on flight durations and meeting the demands of customers with new products based on certain behaviours and lifestyles.

For medium haul flights, there are opportunities to reprice bundled products to be more competitive by offering better product benefits. For international short haul flights, the Group is benchmarking the affordability of insurance relative to air tickets and premiums to airfare ratio. It is conducting some experiments to increase the TUR by adjusting prices to match affordability.

“We are also actively looking at addressing market needs with unique new products. For example, for budget conscious non-tourists we plan to offer gadget protection at low premiums on top of our travel insurance. For event goers and concert goers, we plan to offer event protection at affordable premiums. For affluent travellers, we plan to offer cancellation insurance,” explained How.



In addition, the Group is targeting activation of airline indirect channels such as offline and online travel agents by bundling travel with tour packages, enhancement of the Group's products at the same pricing and offering agents higher margins as part of the incentive scheme.

"We are focused on both the offline and online travel agency channels within our existing exclusive distribution partners. This will allow us to penetrate deeper into the travel ecosystem by targeting regional players in areas such as travel agencies, hotel chain, cruises and event organisers. To achieve our objectives, we will roll out global innovative travel products to maintain our market leading position and consistent customer experience. We are expecting claims ratio to taper with the growing Travel mix in our portfolio," How continued.

Outlook

With the travel and tourism sector showing robust resurgence to pre-pandemic levels of 2019, as well as the Group's ongoing efforts in leveraging the Travel ecosystem in the region, the Group is optimistic that the travel insurance products will continue to grow positively in the coming quarters.

"The Group has reviewed its portfolio and will focus on the more profitable segments of the business while maintaining cost discipline to ensure favourable underwriting results in upcoming quarters. We remain cautiously optimistic that our business strategies and capital strength will continue to fuel growth for the Group over the medium to longer term," How concluded.

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About Tune Protect Group Berhad

Tune Protect Group Berhad ("Tune Protect") is a financial holding company listed on the main market of Bursa Malaysia. Aspiring to be the lifestyle insurer that everyone loves in the region, Tune Protect aims to simplify the insurance experience leveraging digital and offer an array of affordable, and comprehensive protection plans and propositions to suit the needs of individuals and businesses in the Health, Lifestyle and SME pillars. Through its insurance, reinsurance and marketing arms in Malaysia, Thailand and the UAE, Tune Protect has established a global presence across 49 countries, working with local underwriters via strategic partnerships in these markets.

For more information on Tune Protect, visit their website at <https://www.tuneprotect.com/>

This press release is issued on behalf of Tune Protect. For interview opportunities, or more information please contact via email, call, text or WhatsApp:

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